COMMITTEE WORKSHOP

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of:	)	
	)	
Informational Proceeding and	)	
Preparation of the 2005 Integrated	)	Docket No.
Energy Policy Report	)	04-IEP-01-D
	)	
Re: Proposed Electricity Resource	)	
and Bulk Transmission Data	)	
Requests for the 2005	)	
Integrated Energy Policy Report	)	
_____	)	

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

TUESDAY, DECEMBER 21, 2004

9:09 A.M.

Reported by:
Peter Petty
Contract No. 150-04-002

COMMISSIONERS PRESENT

John Geesman, Presiding Member

James Boyd, Associate Member

ADVISORS PRESENT

Michael Smith

STAFF and CONTRACTORS PRESENT

Kevin Kennedy

Al Alvarado

David Vidaver

Mark Hesters

Bob Therkelsen, Executive Director

ALSO PRESENT

Steve Larson, Executive Director
California Public Utilities Commission

Steve Kelly
Independent Energy Producers Association

Nora E. Sheriff, Attorney
Alcantar & Kahl, LLP
representing CACNEPAC

Jane H. Turnbull
League of Women Voters, Los Altos/Mountain View Area

Gregory S.G. Klatt, Attorney
Douglass & Liddell
representing Alliance for Retail Energy Markets

Joseph Kloberdanz
San Diego Gas and Electric Company
Southern California Gas Company
Sempra Energy Utilities

ALSO PRESENT

Devra Bachrach
Natural Resources Defense Council
(via teleconference)

Bruce McLaughlin, Attorney
Braun & Blaising, P.C.
representing California Municipal Utilities
Association

Randy Howard
Los Angeles Department of Water and Power

I N D E X

P R O C E E D I N G S

9:09 a.m.

PRESIDING MEMBER GEESMAN: This is a workshop of the Energy Commission's 2005 Integrated Energy Policy Report Committee. I'm John Geesman, the Committee's Presiding Member. To my right is Mr. Jim Boyd, the Committee's Associate Member.

The purpose of this workshop is twofold. One is to continue and extend our discussion of the staff's data requirements necessary for it to perform its job on the electricity section of the 2005 Energy Policy Report. And the second is to hear a report back from the management of the Commission Staff, the Public Utilities Commission Staff and the ISO as to progress that's been made since our last workshop in trying to work out a collaborative approach to transmission planning.

Kevin, do you want to start?

MR. KENNEDY: Thank you. I'm Kevin Kennedy; I'm the Program Manager for the Integrated Energy Policy Report proceeding here at the Energy Commission. I just want to say a few words of welcome to everyone; welcome to the folks on the webcast, as well. I understand that that's

up and working today. Yesterday our website was down. But we just double-checked and the webcast appears to be working.

For folks listening in on the webcast, if you're interested in participating, making comments as we go through, we do have a call-in number so you'll be able to call in. If anyone is actually listening to the meeting on using the call-in number, I would ask you to use the mute button on your phone if at all possible. The sounds on the telephone do get broadcast into the room and occasionally it gets distracting if there's a lot of background noise.

The call-in number is 888-809-8972; the call leader is Al Alvarado. And the passcode is Jackman call. So you'll be able to connect that way if you're interested in making a comment as we go through.

To the folks here in the room, welcome. I think most of you are familiar with our building, but if anyone is not we do have restrooms out the door and to the left. There's a snack room up the stairs and to the right.

Beyond that, the only thing that I wanted to say is, as Commissioner Geesman pointed

out, we do have two purposes today. Most of you, I suspect, were here at the November 18th workshop. The first purpose today is for a report back from staff of the ISO, the PUC and the Energy Commission on how we are going to be integrating the proceedings at the three different entities.

That portion of the workshop will be -- a presentation will be given by Bob Therkelsen and Steve Larson.

Once we are done with that and there is any comments or questions, we'll move on to the second half of the workshop, which is a discussion of the proposed electricity resource and bulk transmission data requests. So we'll be moving into that.

We'll basically march through the day depending on how much discussion and comment there is, we'll sort of go as long as we need to. If we get towards lunchtime and it looks like we still have a lot to go, I assume we will take a lunch break. If it looks like that, you know, we're actually reasonably close to wrapping up by that point, we'll probably just push through and try to complete this morning or early afternoon before a lunch break.

And with that, I would like to turn it over to Bob Therkelsen and Steve Larson.

MR. LARSON: Commissioners, it's a pleasure to be in this setting again, and thank you for setting the stage at the last meeting and asking the staffs of the three major energy entities to report back to see what we could do in terms of collaboration.

I think in the beginning I would like to -- I've made some changes at the PUC recently and I want to introduce my two new Deputy Executive Directors. First for Administration and Operations is Paul Clannon. And then my Deputy for Policy is Laura Doll. This is Laura's first outing, so --

(Laughter.)

MR. LARSON: -- in this capacity, I should say, since most of us know her well in prior settings.

The goal here was to bring together the ISO, the CEC and the PUC in a collaborative effort to try to look at some of the process questions particularly relating to electricity planning and the procurement process. And it was sort of sparked by a discussion of transmission.

All of the entities understand some of the difficulties that we've had trying to work our way through that particular issue.

Collaboration, I guess if we had started here and you had asked the staff to collaborate it might have been more difficult than it has been. But it really wasn't the start, it was sort of an extension of a bigger and broader policy to create a collaborative. It's known as the Energy Action Plan, and it's been fairly successful in attempting to bring the organizations together to talk about activities that the state needs to do either in the short term or even on the long term. And we're now considering a second version or a second stage of the Energy Action Plan.

With that background I think the staff was very encouraged when you asked that we come back and try to do something in terms of working out differences between the -- at the staff level on these issues.

What I personally found so interesting was the idea of trying to strengthen the relationships between these different agencies, trying to find ways of avoiding conflict between

them if at all possible, if there's any way to resolve differences between the agencies.

I was particularly interested, as a consequence, structurally in trying to come up with a new format within the existing plans, existing laws, the existing regulations of the three institutions. If we could come up with some sort of workable process that was really based on the existing law and existing regulatory regulations, it seemed to me that this would be a great opportunity to at least explore this alternative.

And I think the three of us, there were actually three of us that we were working on it at the time, certainly from the ISO, Marcy Edwards was very cooperative and a very strong partner in trying to put this together.

And Bob and I and Marcy sat down and we sort of looked at what we thought ought to be the goals of the effort, and we wanted to know, first of all, of course, what was the existing process, as best as we could make it out.

We wanted to identify where there were overlaps between the different organizational processes. And we wanted to draw a much sharper

distinction in the process. This became a real goal, particularly from my perspective.

I wanted to look at, you know, what did each agency do now. Where were their overlaps. How could we draw the lines more firmly between the different agencies. What needed to be moved around a bit so that a good solution can be worked out.

So the objective from, I think, the PUC's point of view was to try to work out through the existing structure a better structure by fine-tuning it as much as possible.

For example, we know that there's an overlap between the CEC and the PUC at transmission. We think, at the PUC, that certainly in terms of need that the CEC ought to be doing that. That's what it's trained for; that's what its experience is. And it does a fine job at that level.

We think that there are other kinds of overlaps that can be resolved and we're working at it.

So what we have here today is sort of the first cut, done in the last month, at what we think are at least a starting point for

discussion. And Bob is going to present what that is all about.

I think we, no doubt, need more time. This is the first cut. And after you see it, we think we can get to some conclusions fairly quickly, however. And we want to urge a joint meeting between this group, perhaps some representation from the ISO, and also from the PUC at the Commission and Executive level.

And we think that the objective of that ought to really be a more consensus. We ought not to have votes here, particularly, but just agreement on how we can go forth and implement this at different levels in the different Commissions.

Maybe at some point it will take statutes to resolve some of these differences. I think our objective was really to try to come as close as we could to resolve these between the three agencies before we have to sort of go to that level.

So, Bob.

MR. THERKELSEN: Thank you, Steve; and good morning, Commissioners. I apologize to folks in the audience, first of all, that the

presentation materials aren't on the table in front. This was basically completed last night; there wasn't time to print this out. We will put it on our website, though, as with the other IEPR documents.

I also want to first of all thank the Committee for urging this. At the last hearing there was an expression that we demonstrate some progress in this, and that encouragement was very much appreciated and very useful.

I also wanted to thank Paul Clannon, Mike Jaske and Phil Pettingill, the leads from the three agencies that basically took charge of helping to put this together and lead a staff team on this.

What Steve, Marcy and I did was lay forward to the staff the charge you see there on the screen. And basically that was to develop a single process, not multiple processes, but a single process that basically coordinated the things that we do in our agencies. And we wanted something that was as seamless as possible to go forward.

We also recognized that this is not something that is going to happen overnight. In

fact, the direction that we gave the staff was give us a model for where we should be in 2007 and then help us understand what is needed to transition to that model.

So what you see here today is where we would like to be. And not all the questions have been answered, all the details been worked out. But we feel this is the appropriate direction to work on.

And as Steve mentioned, at some point in the not-too-distant future we would like to have an opportunity to not only brief you, but leadership in the ISO and the CPUC at the same time, and open it up to extensive public comments.

So we want to have definitely input from the industry, from the utilities, from everybody on what this process is, what it means, how it would work, and how it would affect them. Everyone will have a role in it, but we need to have folks' input.

So this is a first cut, and I hope people don't feel left out in the sense that they haven't been consulted at this point in time, because we're frankly not at that stage.

The next slide basically goes over some

of the process goals that we laid out for the staff. And probably, I think they're all important. Obviously, elimination of duplication and overlap; coordinating information requests. In fact, ideally we would like to see one set of data requests, rather than data requests from all three agencies. But, we'd like to see coordinated data requests so people know exactly what's required and how it's going to be used.

We need to clarify the relationships between the proceedings. Again, we see a single process, but again using the expertise and the proceedings available to the different organizations.

I think that some of the key bullets there are the last three. The sense that we want to actively involve the utilities and the industry. And several times in this presentation I'm going to comment on that.

The ability of the industry and the utilities is key in this. They have -- not only do they have data, but they have expertise, they have an analytical capability; they have thoughts and ideas on how things should work.

And this is not a process that will be

successful without their full participation and their cooperation. So it's key that they be involved. And, again, it's key that they have an opportunity to comment on this before any kind of stamp of approval is put on it.

At the same time the process has got to be open and accessible to the public. Ultimately, as state agencies, they are the entity that we serve. They're the audience that we are doing this all for. And so it's got to be accessible to them and understandable to them.

And then the last point there, making decisions only once, I think is also critical. We don't want to be reinventing the wheel in different proceedings, giving contradictory decisions to folks. Obviously regulatory stability is important.

MR. LARSON: I want to elaborate a little bit on that, that's very important to the PUC, also, in that what we really want is we want t come up at the end with a decision, going through this process, that will stand up to any court challenge.

At the same time we've got to make sure that everyone understands the right entry point,

where they come into the process. You look at the ISO, it is not as open a process as it is with the two other agencies. And so when somebody who is a stakeholder comes into the process, they have to come in fairly early, probably at the CEC. And once in, you know, they're in. And it goes through the process, but they don't get to reinvent the wheel when they get to the PUC.

So the idea was to try to come up with something that works at the end, and still involves and provides as much openness as possible as we go through the process.

MR. THERKELSEN: The next slide covers some of the planning goals we laid out for the staff. Obviously the process needs to reflect and support state and federal. And the reason federal is in there is clearly the ISO is a creature, or I should say, has to reflect federal policy in terms of their actions. So this is something that needs to reflect both state and federal policy objectives.

I think a critical thing that is unique for the Energy Commission is the integrated nature of it, looking at everything. When we did electricity reports we looked at part of the

system. Now we have to integrate everything and we have to make tradeoffs in the process between all of the options. So transmission, generation and nongeneration options all need to be considered in this process and all need to be evaluated.

One of the things that I think is unique is recognition by all three agencies that we need to do something to make sure that our transmission options are preserved in the long term. That obviously is something that has the longest lead time in any of the planning process here. Efficiency measures, nongeneration measures can be accommodated quickly. Generation alternatives will take anywhere from two to four years to implement. Transmission has a longer lead time. And if this process does not reflect that long lead time, and have steps to go ahead and preserve those opportunities in the future, we're going to lose them.

Obviously recognizing the regional nature of the problem California is not an island, but part of the western grid, and we need to reflect that relationship, as well. And one of the things that's been missing in the past is the

last point there, monitoring progress against plan. We do a good job laying out assumptions; we do a good job laying out projections and forecast. We don't often follow up and monitor what that all means and how we've been doing on that. And that's something that needs to be worked into the process.

The next slide gives an idea of what we would like to see as the end result of this. Something that we can measure the success of the whole process by. And that's we've got a reliable, efficient, affordable and environmentally sensible system. It's basically meeting the needs of the customers but in a timely manner, so it's there when it's needed.

The next slide gives an overall picture of the process. And an attempt to show roughly how it would work in a relationship. Obviously the devil's in the details, and we have a lot more details to work out. But I think the overall picture, the direction that we're thinking is shown in this slide.

And what I'd like to do in the next several slides is go through individual parts, starting with the Integrated Energy Policy Report,

and then discussing what happens on the procurement side of things, and then what happens on the grid planning side of things.

And each of these successive slides what I'm going to do is lay out the overall purpose of those three pieces of the puzzle, and then talk about what the necessary inputs and outputs are as we see them at this point in time.

MR. LARSON: Before we go on I want to mention one other issue that I think we haven't fully come to grips with yet, but which is in need of understanding as we go into this process.

And that's the role of the municipal utilities, in that they are not a party to any of this at this point. And they're too much on the outside. Somehow we need to find a way, if this is truly going to be a statewide process, you know, where there is some form of integration that they can accept.

And, you know, there are different levels of acceptance. Like SMUD probably agrees with most of what the PUC and the CEC do, and the ISO, and they're ready, you know, to cooperate. I don't know if that's true of DWP, but certainly in the Northern California Power Authority there are

all sorts of indications that they would like to find a way.

And I think they're such a large part of the load that we can't do it in a vacuum. We've got find a way at a high level to involve them as principal actors in the game.

Go ahead, Bob.

MR. THERKELSEN: On the next slide we start with sort of the role of the energy report, and I'll use that word rather than IEPR.

Basically the energy report process or portion of the process is the public crucible where all of the different alternatives, the options, the issues all come together, are discussed, debated and out of that crucible comes a recommendation in terms of policies and what the plan is, and what the need is for individual resources within that plan.

The details there, I'm not going to go through all of them. Clearly the understanding, the relationship between the electricity and natural gas system is important. And as transportation perhaps changes fuels in the future, assessing the understanding and relationship of the transportation portion of the

energy system with electricity and natural gas will also become important, or have a greater importance.

Obviously, again, the relationship with western states is important because of the way that we trade power back and forth between everything.

The last line there is adopt a strategic transmission plan. And I will be candid with you, I think some of our staff may have a greater idea of what exactly that means than I do. But I think that's something that we need to have a greater understanding, what does that strategic transmission plan mean in the context of the energy report. And what's the level of detail on that.

The next slide then shows what the inputs and the outputs are. And the input side of this, again I think shows the critical nature of the load serving entities in the whole process. This cannot work without their cooperation and without their participation. We need to know what they see as their loads. We need to know what their resources are. We need to know where they see prices going. We need to know what options

and alternatives they see.

The ISO has a critical role in terms of inputting into things going into the crucible, because it's their plan -- Marcy would refer to their transmission plan, their grid plan as a bogey. But that is a critical starting point for the whole process in understanding what the result will be.

Obviously the ISO has tremendous analytical capability, as well, and we want to make sure that that is utilized and not duplicated in the process. So that's a critical input throughout here.

The PUC also has a very important role. Obviously you cannot consider all of these options in this crucible without understanding their implications on costs and rates. And in this instance we need to make sure that the ISO and the PUC are partners in the process, very much the way that the Energy Commission has become a partner to the PUC in the procurement proceeding. We need to make sure that they're actively involved in this. And I think that's something that Marcy and Steve and I have all agreed needs to be going forward.

In terms of the outputs, obviously the

big output is that integrated plan. And that integrated plan being used as the basis to go forward in the grid planning process, feeding that, going into the procurement process and feeding that.

But individual outputs such as the load forecast, the specific need for resources, the need for transmission, and not only transmission in a gross sense, but also transmission in a corridor sense. Where do we need to have linkages between points A and B in terms of reinforcements for the transmission system.

Environmental review is important. And one of the things that will be important to understand is the relationship of this process and the ultimate permitting process. That is something that what degree of environmental review should take place in the energy report that then can be utilized and counted on in a permitting process. How do we deal with uncertainties and risks is another output that will be important.

And, of course, policy proposals. Because the energy report ultimately goes to the Governor. And the Governor uses that as his statement of policy that is then transmitted to

the Legislature and to the energy agencies.

The procurement process, obviously the fundamental purpose of that is to make sure that the utilities have sufficient guidance and direction to be able to go forward and obtain the generation, the nongeneration and the transmission necessary to make sure that the system works. That's the fundamental thing.

But, also important in the procurement process is understanding the cost recovery mechanisms. Rate setting is a very critical function of the PUC, and is something that the whole process again needs to inform so that rate setting mechanism is in step, as well.

And the last point there, establishing the resource adequacy requirement also is an important function of the PUC that again gets fed back into the entire process.

The next slide, then, gives again the inputs and the outputs. And it shows the relationships between the three portions of the process. Again, the energy report being critical to what the PUC needs to do to procure, to do procurement. And we need to make sure that the energy report process is structured in such a way

that its findings and information are used and useful in the PUC process.

Obviously the IOUs again play a critical role in terms of what happens on procurement. They're the ones that are responsible for developing specific plans in response to the guidance that comes out of that process. And then as outputs, obviously the PUC develops an approved plan for procuring those resources.

One of the things that you'll notice there are a number of different policies, and again these are guidance policies that would come through the entire process and directed by the PUC to the utilities for implementation. And, again, one of the outputs that this would feed would be going to the whole rate setting process.

The next slide shows the grid planning process that's the responsibility of the ISO. And nowhere in this overall system is there an intention that that grid planning function, that capability be duplicated. But that is a major input from the ISO. And it applies not only to California, but it also is done in the context of the entire western system.

One of the questions is, as Steve

raised, is how do we make sure that we plug in the municipal utilities, WAPA, other entities that have transmission resources. And I think that's an issue that we need to work further on. Because clearly, to the extent that this represents the entire California system, the more informed the debate in the crucible will be. And we need to get that in there.

So, again, the purpose there is to lay out what the transmission needs are for the state, and to identify specific projects that need to be considered throughout the process.

One of the critical functions of the ISO is dealing with generation interconnection. And so that's something, too, that this needs to be reflected in terms of their activities.

The next slide shows, once again, the inputs and the outputs. And the first point there, the transmission owners again are a key point of this, it's a key factor in terms of their analytical and data support. But the electricity report, again feeds into the whole grid planning process showing the interrelated nature of these activities.

And, again, the output, the key one

there is the California grid plan. And, again, ideally it would be nice to have some form of the entire state represented in this grid plan or some report somewhere along the line.

The next slide shows monitoring, it talks about monitoring and the fact that that is a critical component. And as I mentioned earlier, one that often has been ignored.

We need to know how we are doing in all of these areas as we go through the cycle. We need to know what we can count on, and what we cannot count on.

Obviously the ISO has been very concerned about reliability from an operation standpoint and have raised a number of questions about some of the, if you will, less physical resources. And I think they have some valid points there that we really need to understand what they mean, how dependable are they, how we count them, how we rely on them.

The next slide then starts going into some of the challenges. And what I want to cover here briefly is what are the challenges that we face in doing this, and what are some of the tasks that need to be taken care of in the near term,

mid term, and the long term.

And I think the biggest challenge facing us, again, is how do we do an integrated resource plan. We have never done this before. Our first step was obviously in the 2004 energy report that Jim Boyd led. But we have a long ways to go to get it right.

How do we evaluate the options. What are the attributes. What are the values. What are the characteristics of those options that we need to be looking at and comparing. How do we factor in the policy goals. Do we simply take them as they are issued and have no further debate on them. Or do we do an evaluation of what they means and perhaps then suggest maybe those options need to be modified.

Other challenges on the next slide talk about what's the common definition of need. And simply my listening to staff discussions, it's not always clear to me what different individuals or organizations mean by need. What level of detail is it. And I think we need to take some examples and work through those so that we understand what the level of detail is, and what kind of analytical capabilities and decisionmaking is

needed to come up with that definition.

Where do you start. Do we tackle the entire state in one shot, or do we take a portion of the state and use that, if you will, as a guinea pig to figure out exactly what we're doing. Given resource limitations and timing, I think that's an issue we need to debate for the 2005 energy report.

And then the last point there is the balance. In the past the electricity reports the Energy Commission used to produce were heavily weighted, if you will, on the analytical and technical side, so that a lot of people thought that the analysis was very obscure.

On the flip side a lot of people are very concerned about there being policy pronouncements without any analysis to back them up. And I think that's something that will be critical for the PUC to use in the procurement process, is making sure that decisions coming out of the crucible, out of the energy report, are substantiated and have an analytical foundation.

But what's the balance, again, given time, given resources, given necessity. That's a critical issue that's going to have to be

resolved.

The last page in terms of challenges are some other issues. Confidentiality clearly is one that's come up. The different agencies have a different way of looking at confidentiality. Can we develop a consistent definition. Can we utilize that. There have been issues raised in terms of permitting jurisdiction. And the focus of this presentation right here is on the planning and procurement part of the equation. And right now our hope is to design a system that can fit into whatever permitting process exists, either today or tomorrow.

And the last point there is near and dear to my heart, and I know Steve's, as well, is that what we are looking at is an extension of what we do now. And both of our agencies, during the days of restructuring and the budget crisis, took a significant reduction in the number of our analytical staff and our capabilities.

We will need to have additional resources, staff and contractor resources, to do all of the different things that are being laid before us. And so it's something that we're going to have to make sure the Department of Finance

understands --

MR. LARSON: I would like to add a little there, too. We've been trying to be as creative as possible, and talked about sharing of staff, you know, in terms of expertise. Haven't really articulated it yet, but there may be areas -- I mean we're already seeing that we're assigning staff from the two agencies to each other's proceedings in a very focused way.

And more of this in terms of this process seems to be inevitable. So we're trying to figure out how do you approach, jointly how do we approach the DOF or the Governor's Office, how best to strategize about that. So we're thinking about it.

MR. THERKELSEN: And with Steve's knowledge of the Department of Finance, we're counting on to help us with that.

Anyway, going on to near term changes, these are things that we would like to accomplish over the next several months. Obviously that agreement to coordinate is very important. One of the things we need to do is sort of an inventory of the different agency proceedings and make sure we understand what their working relationships

are.

Again, I want to emphasize the key role of the LSEs in terms of data and analysis. We're going to need to count on them for a number of things. Not only for this cycle of the process, but particularly in the future. Not only data and analysis, but also their comments and recommendations on how to proceed.

Steve mentioned earlier the munis. We need to make sure that we have their participation in a process for them to be able to be involved in a manner that they can work within.

Confidentiality, relitigation, there's a number of areas there that we need to do in terms of the near term.

The mid-term challenges on the next slide are things that we think need to be accomplished in the next six to 12 months. And some of these may even stretch a little bit beyond that. But, we've got to have, again, standards in terms of how we look at these different options. And in some cases we're going to have to update our regulations in terms of dealing with this, both in terms, perhaps, of confidentiality, perhaps in terms of data requests and how that is

loaded in there. There's a number of issues that may require regulation change.

As much as we can we should be doing it in a cooperative, collaborative role. But if we want this thing to provide long-term regulatory stability, some regulation changes may be required. And, indeed, some legislative changes may be required, as well. We'll get to that in a moment.

Anyway, go through those other changes. Again, doing a number of those items we're going to require some additional resources. And so we're going to need help from the Administration in terms of getting that.

In terms of the long-term changes, those are things that will happen over the next couple of years. You notice codify is in there. We're going to have to look at and decide whether or not there are some of the processes, the relationships, the participation that need to be established in legislation. Or we can work forward without that. I think all of our preference would be to move forward without legislation if we can, but we need to evaluate how that goes.

Again, methodologies, commonality in terms of a number of things. One of the issues that's been raised down there, second to the end, is whether or not the Energy Commission should have an intervenor funding program. And I think that's something that we need to be looking at.

And another question is whether or not there's need for federal legislation changes. Particularly as it relates to the ISO or the overall processes. Those are things that we need to be considering.

Steve.

MR. LARSON: And then the last slide we talk about next steps. And coming out of all of this work we need to continue developing details of a single process, again trying to refine it further.

I think we want to report back to you as soon as possible. I think certainly next month sometime we should come back with another iteration of this hopefully, which I think this has been fairly a theoretical presentation. And what we want to do now is come up with a more defined process. One that you can look at and get your teeth into. You know, I think this is really

good work to this point, representing the three agencies. We've come a long ways.

But there's still a great deal to do. And I think our commitment is to push that as hard as we can as a very high priority. We don't want to speak for the ISO, but certainly between the two of our agencies we want to push that, so that we can have --

MR. THERKELSEN: We'll try to speak for the ISO, though --

(Laughter.)

MR. LARSON: I think it's okay with the ISO, but they're not here -- not sitting here.

So I think that those are the immediate things that we want to proceed with, with your assurance.

MR. THERKELSEN: So, ideally we would like to give you a written product before the end of January, probably the mid to end of January. And again, our recommendation would be let's have a specific hearing on that to allow public comment on that product.

PRESIDING MEMBER GEESMAN: Well, I think you guys have taken an outstanding start at this. I am surprised at the level of thought and effort

that, you know, despite what I know to be some fairly significant conflicting demands on both of your time, you've been able to put into this, I think it's an extremely hopeful bridge into the future and builds on the good progress that we made with the Energy Action Plan beginning a couple years ago.

You know, at least in terms of our two Commissions, and I think to some extent with the ISO, as well. We seem to be a lot more willing to work across jurisdictional lines than was the case just a couple of years ago. And I think the state's a lot better off because of that.

I would expect, with some personal knowledge of the new appointees to the Public Utilities Commission, that process will strengthen going forward. And I'm certainly hopeful that as the Governor completes his appointments to the ISO, that there's that sense of community among us, as well.

I mean obviously Marcy's chair is empty right now, but I'm hopeful that the comments you've attributed to her and the input that I know that she did provide will carry forward into next year as that organization develops new management.

I think there are some challenges going forward. The devil is always in the details. And, you know, at some point you're going to have to get our respective lawyers involved. And that will, I think, be a complicating factor, but an important complication, as well.

I think what Steve said is probably one of the paramount considerations we should have in mind. We need to make certain that our decisions, whether they be made here or at the Public Utilities Commission or at the ISO, are judicially sustainable. If they're not, we've simply wasted a lot of the public's time and resources.

So I want to strongly encourage you going forward, and say I think this is a tremendous first step. And at some point, you know, I think we ought also to roll it into the Energy Action Plan steering committee process. And hopefully the ISO will join us in that process next year, as well, as a formal partner.

But I certainly think you guys have laid the groundwork for some good progress in the future.

MR. THERKELSEN: Thank you, and particularly thank you to our staff, because --

PRESIDING MEMBER GEESMAN: Yeah, I recognize that.

COMMISSIONER BOYD: Well, I want to say I wasn't as much surprised as I am delighted. I had high expectations for all involved in this, and want to commend you. You've certainly fulfilled my expectations.

I, for one, and I'm sure I'm not alone, have been waiting quite awhile for this development, if not this day. I think you have, too. Many of us in this room have persevered and/or suffered together for the past three, four, five years.

So this is another, but a significant, much-needed milestone in the process of making the systems, the programs, the organizations' work better. And that's really refreshing to me, as a long-time student of, if not veteran of, public service. Because really the public has presumed this all along, expects this. And I'm sure glad here in the early stages of the 21st century we're beginning to achieve it. I think they thought we got this far in the 19th century, but nonetheless, it's one California and we need to work together. And by that statement I'm not meaning to subsume

all of this into one organization or to take over the munis, either.

What you've done is provide the linkages that are needed between government and quasi-government organizations involved in this. And I would hope that the munis would see the need to link together in the long-range planning for the state. But, you know, not fear that there be some ulterior motive here. Because we do need to plan for one state, one region and eventually, you know, plug into the entire system, be that regionwide or nationwide.

So, this is good. I made a few notes on here about things like stakeholders and regions, but as you move through the charts you've touched upon those things. Maybe the one that I didn't hear again, or I didn't really hear the word stakeholders, but in your first slide you talked about utilities, industry and the public.

And I just presumed, I gave you the benefit of the doubt that mixed in there are the stakeholders, or somewhere between the general public and the businesses and utilities, many of whom are sitting in this room, the ones who are more active, which we much and greatly appreciate;

and need to see that they, too, will continue to play the role that they have. Not only in forums like this that we've managed to provide, but just in the details of the process. Many of them make themselves and/or their organizations available to us to facilitate activities that are needed. And we need to continue to reach out to them.

So I'm delighted and look forward to your next report. And commendations to all the new staff at the PUC. Mr. Larson, it's good to be able to sit here and watch you again, as we have in the past. And to your two new deputies, I'm delighted, knowing both of them for quite some time now.

So I look forward to the future more gladly and happily than I have for quite a while. So, thanks.

PRESIDING MEMBER GEESMAN: What else do you have, Kevin? Probably hard to top that.

MR. KENNEDY: That's true, but now we're going to move into the more technical portion of the workshop. I'm going to hand it over to Al Alvarado.

MR. ALVARADO: Good morning; my name's Al Alvarado. I'm the Project Manager for the

electricity and natural gas systems analysis activities that we will be conducting in support of the 2005 energy report. This is one of many analytical activities underway in support of the energy report.

I'm here just to introduce the second half of the workshop. Staff will be reviewing the proposed data requests associated with both electricity resources and the transmission system.

Staff has posted a report which describes the type of information that we are seeking to give us the ability to do the analysis that's expected for this energy report.

There are other data request activities that's underway, also, under this umbrella for the electricity and natural gas analysis. We've already posted some detailed forms and instructions for the electricity retail price forecasts as well as information needed in support of the Energy Commission's demand forecast activities.

There are also, I know there's another workshop that discussed information needs associated with the electricity and environmental performance report.

Today's workshop is a followup for the workshop we had back in November 18th. At that workshop staff also presented information that was contained in another report that described the scope of analytical activities as proposed for this energy report.

Today what we'll be doing is presenting a little more detailed review of the information that will be needed for both the electricity system and transmission activities.

In terms of next steps, after today's workshop we are seeking comments from all of you and anyone that might be listening on the webcast, and the next step is we will be developing a more detailed set of forms and instructions that will provide the definitions, the types of data, as well as some forms in terms of reporting information, that we expect to post the week of January 3rd.

The forms and instructions will then come before the Energy Commission on the January 19th business meeting for your consideration for adoption.

So, with that, I'm just here to introduce -- let's see, we'll start with David

Vidaver. David is our technical lead that will be overseeing the electricity resource analysis activity.

After David, will be followed with Mark Hesters, who is responsible for the transmission analysis.

So, as we go along here please do speak up, because we're here, we are looking for -- we're seeking your comments. And whatever comments you provide will help us and guide us in the development of the detailed forms and instructions.

David.

MR. VIDAVER: Thanks, Al. Good morning, Commissioners. That will be a tough act to follow. I really doubt that I'm going to be capable of delighting Commissioner Boyd, but we'll give it a go.

PRESIDING MEMBER GEESMAN: Or surprising me.

MR. VIDAVER: That would be even harder, I think. Wow, there's so many buttons on this mouse I don't think I'm going to use it. Thank you.

As Al intimated, this discussion is to

put some flesh on the bones of the attachment, the staff whitepaper that accompanied the workshop announcement. As that whitepaper indicates, the core of what we're requesting for the IEPR analysis are resource plans from the state's load-serving entities, henceforth LSEs.

Reference case resource plans which reflect their near-term intentions and their longer-term needs. Scenarios surrounding those resource plans, which address the uncertainties that they face. The paper notes that the primary documents that we're requesting are capacity resource accounting tables and energy balance table.

The former indicates capacity that load-serving entities have under their control and expect to need to meet load obligations going forward. The energy balance table reflects the energy associated with each of those resources.

In addition, we're also going to be requesting information about the bilateral contracts the load-serving entities have entered into, as well as some other projections and historical data. I'll discuss those briefly.

As Steve Kelly will probably be

delighted to hear, we're requesting information from load-serving entities only. Not from merchant generators.

MR. KELLY: I'm out of here now.

(Laughter.)

MR. VIDAVER: The format of this presentation is first of all to go through the capacity resource accounting table as an illustrative device to show you some of the information we're requesting from different classes of load-serving entities.

Then to go over some of the other information we're requesting related to bilateral contracts, the scenarios that we're asking load-serving entities to look at, and finally some of the historical data that we'll be asking some of the load-serving entities to submit.

So that being said, many of the people in this room will be familiar with capacity resource accounting table. It looks very much like an energy balance table, but the information that is provided in this table relates to the capacity that a load-serving entity has under its control and expects to need going forward to meet its load obligations. One can almost substitute

energy in for each of these entries and come up with an energy balance table. There are some minor differences which I will probably skip over. I don't intend to discuss them here.

The table begins with a forecasted total peak demand. The instructions will detail how such items as losses unaccounted for in energy, et cetera, will be dealt with. All load-serving entities are expected to provide us this information. It's expected to conform with the information submitted to our demand office. They have a separate set of forms and instructions that they've asked for.

Energy service providers are asked to divide that peak demand into the demand associated with existing customers, customers that are currently under contract, and the demand associated with contracts expected going forward and the renewal, the capacity associated with the obligations under any existing contract that they assume will be renewed or extended.

This is necessary for staff as we don't want any of the load falling between the cracks. One of our obligations is to produce a demand forecast and see how that conforms with the

forecast of load-serving entities. It's quite possible that the information about future capacity needs provided by energy service providers being their best forecast may differ from some of the load assumptions being made by the IOUs who are asked to assume that there is no further movement between IOUs and ESPs.

The ESP is not under the obligation to make that same assumption. Therefore, the division of an ESP load forecast into the load associated and capacity associated with existing contacts and projections going forward related to loads that it currently doesn't serve are necessary for staff.

The IOUs are asked to provide an estimate of direct access. This is very carefully prescribed. They're not there to assume that there is no future migration of customers between bundled IOU load and direct access.

As is the case whenever staff has asked IOUs to make specific assumptions, they are also asked to comment on how valid they think those assumptions are. This is true for direct access, community choice aggregation, and departing municipal load, as well as the preferred resources

make up the loading order.

We have asked in reference case that the IOUs assume the targets are met. If those target are unreasonable or obstacles exist which might preclude their being met, we ask that the filing entities provide us information related to those obstacles.

So the IOUs are asked to deduct direct access at existing levels. The saying direct access at existing levels means that they're asked to assume that customers who have migrated to energy service providers have some load growth. They are not being asked to assume that that load is unchanging over time.

Community choice aggregation and departing municipal load is also to be deducted by the IOUs. We have asked them to assume that municipal load will depart in some amount and some pattern over the years 2007 to 2013. That at least 4 percent of their existing bundled load will depart during that period, but no more than 10 percent.

Again, if a utility believes that this is an unreasonable assumption, we ask it to state that. If the assumption is so unreasonable that

the utility feels it should do an analysis, a scenario analysis with a different assumption about departing load, they're, of course, welcome to do that.

The PUC has established targets for price-sensitive demand response programs and energy efficiency over the past two. We asked that the utilities assume that those targets are met. Again, if the utilities believe that these targets are unrealistic or there are obstacles toward meeting them, we asked for a discussion of that.

When all is said and done you have a net peak demand for bundled customers. And then you have a 15 percent reserve margin. And finally you have firm sales obligations on top of your bundled customer load. As one can see from the location of firm sales obligations in this table, one would have to include in that obligation any reserves that may accompany it.

And when all is said and done you have a demand forecast.

On the supply side we asked that all LSEs who own or control generation resources list those resources. The capacity associated with

those resources is to be defined as that which the resource can sustain for four hours in the middle of the afternoon for three consecutive days during each month.

All this data is monthly. There are two reasons for that. One being that the resource needs of load-serving entities vary dramatically from season to season. And we are moving into an environment in which there are resource adequacy obligations imposed on certain LSEs. These obligations are monthly in nature, therefore we're requesting monthly data for our tables and energy balances.

The load-serving entities are asked to summarize capacity associated with their hydro resources. The hydro conditions that are being used pursuant to the resource adequacy proceeding are one in five. We're also asking that the utilities submit the derate associated with one-in-ten conditions.

Here you see that the capacity for hydro resources has been broken down by size, rated in 30 megawatts, less, under, equal to 30 megawatts. This is not of great importance for capacity estimates, but it's a value looking at energy

balances, because it indicates what share of hydro energy being generated by the utility would meet the prevailing standard for the renewable portfolio standard.

Some load-serving entities have renewable resources under their control or own them. They're again asked to list those resources. This is of special importance again for the energy balance table, because it indicates to us what share of existing resources, or to what extent energy from existing resources is expected to meet the state's renewable portfolio standard.

This is just a slight change of format in case you're sick of looking at tables. We're also asking for contractual, the capacity and energy associated with contractual resources. These are expected to be itemized by contract for DWR contracts, and for RPS and other bilateral contracts.

The capacity and energy associated with QF contracts, we're only asking that it be disaggregated by fuel type, biomass, solar, wind, geothermal, small hydro and other.

The utilities who have QF contracts are asked to make whatever assumptions they feel

appropriate regarding those resources going forward. In a prior version of this request we asked that the assumption be made that all contracts would be renewed, but pursuant to the decision in the procurement proceeding, we're now asking the utilities to make whatever assumptions they feel are most appropriate.

The extension of all QF contracts, as must-take energy contracts is something we're asking the utilities to look at as a scenario.

We will ask for historical data going back two years related to QF generation. And we're going to ask for annual data going forward regarding estimated energy and costs. There is a separate form for the latter which we will get to shortly.

And finally, regarding RPS contracts and other bilateral contracts the utilities have entered into, there is another form and we will get to that, as well.

And then you just add them all up. Two additional items are existing interruptible and emergency resources and uncommitted dispatchable demand response, which are the final line items on the supply side.

Future needs. There is a line item for generic renewable resources. The investor-owned utilities have an RPS target. In the reference case we're going to ask them to assume the 20 percent of retail sales are met using renewable resources by 2010. And that that percentage will be maintained through 2016.

It is, of course, not possible for the utilities to know exactly what nonrenewable resources are going to be procuring going forward, hence we've not asked for specific projections regarding the types of resources that will be procured. This information will fall out of RFOs that the utilities have going in the future.

What we are asking for is projections regarding the load and products that these resources would be expected to meet. So, the following five entries are described in terms of energy and capacity needs, and are further broken down into the portion of the load shape that these resources would be expected to satisfy.

We have baseload energy, load-following energy, and peaking energy. For example, if a utility anticipated constructing a combined cycle or acquiring renewable resources that provided

baseload energy, or entering into a power purchase agreement for power 7-by-16, year-round, it would put the capacity associated with that resource in the baseload energy line.

If it anticipated a 6-by-16 contract, or a resource which was designed to load follow, it would enter the capacity associated with that contract on the appropriate line.

If it anticipated a contract for 7-by-8 energy during Q3, or the purchase of or construction of a plant that was designed to provide peaking energy that would go on the appropriate line.

There are corresponding entries for capacity, both load-following capacity which would be necessary year-round, and peaking capacity which would be necessary during Q3.

In their filings in July the investor-owned utilities quite successfully provided this information. We don't expect that there will be any difficulty in them doing so in this IEPR cycle. If any other load-serving entity asked to provide this information has questions about exactly what we mean, please call me.

The renewable resource entry, as I've

noted, is somewhat prescribed in the reference case for the IOUs being associated with the 20 percent by 2010 standard. The publicly owned utilities and ESPs may have the intention of purchasing renewable resources, or adding renewable resources to their portfolio going forward. We ask that this be the location in which they enter the capacity associated with this set of resources.

I'm going to return to renewables further down the line.

Oh, here. The IOU reference case, as I stated, should include a projection of renewable resource capacity and associated energy by technology zone and control area that would be procured to meet a 20 percent of retail sales target.

Returning to the previous slide, the generic renewable resources entry here is the total amount of capacity, renewable capacity, that has yet to be procured to meet a 20 percent by 2010 RPS.

This form is one in which the filing entity provides a best estimate of the technology and location of that capacity going forward. We

have, as the previous slide indicates, we're asking that the IOUs provide this information.

And I will be returning to renewables yet again, we're not done with them.

Bilateral contracts. We're asking for quite a bit of information about the bilateral contracts California's LSEs have entered into. We're asking this information from all the LSEs who are being asked to file these forms. Those are all LSEs with a peak load of 200 megawatts or more in either 2003 or 2004.

We are not asking for this information for QF contracts or DWR contracts. That information is already available to us. Nor are we asking for information about the contracts between the IOUs and public utilities for hydro resource integration.

All other remaining contracts of one quarter or more in length, or for periods in two or more calendar years are contracts for which we're asking information. And we're asking for sufficient information to allow us to evaluate several things, one of them being the likelihood that the contract will meet various resource adequacy requirements going forward. We're asking

for information which will enable us to ascertain to some extent what resources are encumbered to serve California loads, both instate and out of state.

Running down the line items very quickly, who the contract is with; when it starts; when it ends; what kind of products are involved, whether it's energy or capacity; or a number of other -- one of a number of other market-based products that can be contracted for; the availability, which is basically how much capacity are we talking about; and during what hours.

The firmness, the extent to which the seller cannot provide the -- the circumstances under which the seller cannot provide the product; how much of the product is must-take; whether the product points to a specific generation unit -- yes, sir?

MR. KLATT: I didn't understand -- sorry, I didn't understand your point about firmness. Can you clarify?

MR. VIDAVER: One can enter into a contract under which the seller is obligated to provide liquidated damages for failure to deliver under any conditions other than, for example,

force majeure or if the contract were, let's say, with an out-of-state utility, the contract may allow the utility to not provide the product if doing so would cause it to shed load in its own area.

MR. KLATT: For reliability --

MR. VIDAVER: For reliability. If I send you this product I'm going to have to involuntarily, shed involuntary load. And --

MR. KLATT: As opposed to what other types of contracts?

MR. VIDAVER: I don't have to give it to you because I can get a better price for the product elsewhere.

It may be nonexistent for ESPs, but it is a contractual form that has been common. I can understand why an ESP wouldn't want to enter into that contract, certainly. But I would hazard to guess that there are contracts like that that the IOUs have with other parties.

The extent to which the product must be backed by generation capacity, whether it be a specific unit that it points to; whether it be a portfolio of assets that the counter-party to the contract is known to control; or whether it simply

has to be system power.

Where the energy can be delivered to. And if multiple plants, whether that's buyer's or seller's option; whether or not the buyer can dispatch the resource that the contract is associated with; what the performance requirements are, under what circumstances can the buyer terminate the contract for nonperformance. And finally, termination and extension clauses. The extent to which one or both parties can either end the contract or terminate it, and for what reason. End the contract or extend it, and for what reason.

So, we don't have this form fully developed, but this pretty much summarizes the information that we'll be requesting.

Turning to some of the scenarios and uncertainties that we're asking filing entities to look at, perhaps a major uncertainty faced by the IOUs going forward is their load obligations, community choice aggregation and departing municipal load is one aspect of that.

A greater uncertainty is core/noncore going forward. We're asking the -- oh, I'm going to get to these in some detail, so I'll just

quickly summarize them. Transmission upgrades, investor-owned utilities and perhaps even some of the munis will assume transmission upgrades in their reference case resource plans.

Local reliability is another issue that provides some uncertainty going forward. Cost sensitivities; carbon or GHG policies; renewables policy; and QF policies. And I'm going to step through them one at a time.

Core/noncore. The IOUs are asked to submit a scenario in which 75 percent of their customers with a peak demand of 500 kW or more will depart over a 40-year period.

The 500 kW does not apply to customers who can aggregate sites to reach that level. This is 500 kW of unbundled bundled customers perhaps. Again, if this does not adequately reflect the risk that IOUs face going forward, if they feel, for example, that they would like to inform us regarding the potential risks associated with a 200 kW policy, they're more than welcome to submit a scenario that looks at that.

Any reference case which assumes a major transmission upgrade which is yet to be approved should be accompanied by a scenario in which the

upgrade does not take place. That's, I trust, self explanatory.

And finally deliverability. The ISO is undertaking studies in the context of the resource adequacy proceeding to evaluate deliverability in three senses. One is the ability of the energy from individual resources to which a load-serving entity might commit. To get the energy from that resource out of what I will refer to as a generation pocket to serve aggregate load.

The second case is the ability to get generation from outside the ISO control area into the ISO control area. We're not asking utilities to provide us any information related to this pending the ISO's completion of their studies.

It is reasonable to expect that the resources with which the utilities might contract in the future would meet deliverability requirements that came out of these ISO studies.

The third aspect of deliverability is local deliverability. The extent to which enough capacity is contracted within, I want to use the term local reliability areas to avoid too many questions here. A workshop held on I believe it was the 8th of December in Folsom was the site of

the ISO's presenting a strawman proposal for coming up with the resource adequacy requirements associated with local reliability areas.

The amount of capacity that the ISO would like load-serving entities to contract with the local reliability areas has not been fully determined yet. It is, and will continue to be over the next several months, the subject of discussions between the ISO and other stakeholders.

What we would like the utilities to do in the interim is to provide us with a scenario in which they are required to procure capacity in local reliability areas commensurate with their share of RMR capacity today. We realize that this number will change over time as transmission is upgraded. But this is simply another element which the utilities can address in this particular scenario.

This poses kind of a differential burden on the three utilities. San Diego Gas and Electric can probably do this pretty easily because it is a local reliability area.

Southern California Edison may have a slightly more difficult time doing this, but at

least as of this moment its local reliability needs are small insofar as the existing RMR contracts are concerned. Or maybe somewhat uncertain going forward. And an adequate analysis of this by them may require more information from the ISO.

The largest burden falls on PG&E. But nevertheless, it's a very important issue. It's one that the PUC has directed us to provide information on, and we're passing that burden on to the utilities.

We would like the IOUs to provide us estimates of the impact of meeting their load obligations in the reference case under extreme gas prices. We have been told that bounding gas prices according to probability is not the easiest thing in the world to do. If we had a methodology for you to use, one that we could impose on you, we might ease the burden of your deciding how to do this by actually imposing it. Unfortunately, we can't.

The CPUC has directed the IOUs to include a fossil adder in its RFO bid evaluations. We have a slightly different problem here, and that is to try and ascertain what the impact of

actual carbon policies might be on costs and research procurement going forward.

What we would like the IOUs to do is to submit a discussion of a CO2 adder of $8 to $25 a ton on costs of meeting their load obligations. And on its potential impact on procurement choices.

This is, in effect, two requests. One request to look at a cost of $8, and another to look at 25. An early version of the procurement decision. The procurement decision might have been ambiguous in that regard, but we want the entire range of costs to be evaluated.

We are open to the utilities using a wide variety of assumptions related to the effect of the adder on their procurement choices. One utility has indicated that they might provide us with a tipping point, as it were. The point at which the adder results in energy costs moving beyond a cost of an expected energy cost associated with gas-fired resources under different assumptions about heat rates and gas prices, et cetera.

So this is somewhat still ambiguous. There are a number of issues associated with any

of these scenarios that we are open to discussing. And we anticipate perhaps coming before the Committee again in the future to discuss these scenarios, other scenarios that the Committee want the load-serving entities to look at, and the rigor of the analysis associated with each of those.

Finally, a scenario that we would like both the IOUs and the large municipal utilities to look at are ones in which the renewable procurement target is set higher than 20 percent. One of the tools that we would expect the utilities to use in filing this would be that generic renewables projections form in which estimates of the technology and the location of resources is submitted.

The one set of targets would be those established in the 2004 IEPR update, which I believe is 28 percent for PG&E and Southern California Edison by 2016 -- excuse me, PG&E and San Diego Gas and Electric by 2016. I believe the requirement for PG&E is 31 percent by 2016.

We are also asking LADWP and SMUD to submit the assessment, as well. And all five of these entities are asked to discuss the potential

costs to ratepayers of meeting these goals; the barriers which might limit their ability to implement or enforce such target; and what might be done to reduce or overcome them.

Finally, QF policy. The CPUC has now directed the IOUs to assume the extension of QF contracts in the long-term procurement plan. We're asking the IOUs to discuss the impact of assuming all QFs provide must-take energy in lieu of whatever assumption they make in the reference case.

To the extent that the reference case assumes that resources now procured under QF contract will continue to provide capacity and energy to the IOUs, the rigor associated with evaluating this particular scenario is reduced.

If the assumption made by an IOU is that all QF resources will continue to provide energy capacity to meet IOU load obligations, then there is no need for this scenario. To the extent that these resources are assumed not to be in service of IOU load going forward, we would expect that the analysis associated with this particular scenario would be that much more detailed.

Finally, there's a little bit of other

data that we're requesting, historical hourly QF purchases for 2003 and 2004 by contract for all contracts with a capacity of 10 megawatts or greater. Aggregated by technology for those contracts of less than 10 megawatts. And then projected QF generation and costs going forward.

This is a request for yearly data by contract, and aggregated for those contracts of less than 10 megawatts by technology and pricing mechanism. The data that we're asking for in the projections includes the name of the contract, the contract ID as provided in the semiannual QF status reports that the utilities file; the termination date; contract capacity; the pricing mechanism which would be a fixed price for some contracts; an index price for other contracts.

The index prices, we'd like them identified to the extent that there are separate indices that the IOUs have with their set of QFs. And then for each year, the estimated energy, energy payments and capacity or fixed payments associated with each of those contracts.

Historical hourly hydro generation for 1998 to 2004 from a small subset of hydro asset owners. We have this data for resources owned or

controlled by the IOUs, for example. We're asking for this data by facility in support of the environmental performance report.

We would be interested in data going back even further, but a survey of the hydro asset owners in the state that the staff performed a couple of years ago indicated that a complete se of hourly data going back before 1998 is probably not going to be complete. Many asset owners simply don't have that information available anymore. And if we can't get a complete set of data we don't want any of it.

Finally, hourly wind generation data. This is described in the whitepaper. The capacity value of wind generation in the State of California is a bone of significant contention. Many of the estimates that parties have come up with are based on the actual performance of the existing wind resources in the State of California, many of which are 20, 25 years old.

What we would like to do is get a handle on the performance of newer wind resources in the state. The first thing we have to do is identify exactly what those resources are. We're going to ask CalWEA to help us with that.

If the set of resources is -- if the set of state-of-the art turbines is contiguous with a particular QF contract, we can simply use the historical QF data that we hope to get from the utilities to look at the performance of that set of turbines.

In some cases we anticipate that QF contracts will be served by a mix of new and older wind generation resources, in which case we're going to have to go out to the developer to actually get the data.

In other cases there will not be a QF contract. We do have a couple of merchant wind generators in the state. We will be going to them for data, as well. And, again, we'll need CalWEA's help in identifying the set of developers from which we need to procure data.

Filing dates remain unchanged, March 1, 2005 for materials related to the reference case. April 1, 2005 for uncertainty analyses.

And I'm done. So, as Al intimated, we hope to have the final forms and instructions out by the week of January 3rd. And we expect a lot of comments.

Thank you.

PRESIDING MEMBER GEESMAN: Questions for Dave?

MR. VIDAVER: I don't know what that means --

PRESIDING MEMBER GEESMAN: Yes, come on up to the microphone.

MS. SHERIFF: Good morning. I'm Nora Sheriff for CACNEPAC. On your slide number 2, --

MR. VIDAVER: I supposed there's a faster way to do this, but I don't know it.

MS. SHERIFF: It's the capacity resource accounting table demand.

MR. VIDAVER: Yes.

MS. SHERIFF: My understanding of utility load forecasting is that they have traditionally forecast customer generation departing load.

MR. VIDAVER: Yes.

MS. SHERIFF: Or distributed generation. And I didn't see a space on here for that in this presentation. But you did have a spot for distributed generation in your staff report.

MR. VIDAVER: Yeah, that's an error. There should be one here.

MS. SHERIFF: Okay, I just --

MR. VIDAVER: Yes.

MS. SHERIFF: -- wanted to make sure that that was still going to be --

MR. VIDAVER: Sorry, yeah, I'm sorry. There certainly should be.

MS. SHERIFF: Okay, thank you.

PRESIDING MEMBER GEESMAN: Good catch. Other questions for Dave? Come on up.

MR. KLATT: I just wanted --

PRESIDING MEMBER GEESMAN: You need to talk into the microphone, otherwise the transcriber doesn't get it.

MR. KLATT: Thank you, Commissioner Geesman. I just had a question as to whether or not there's going to be a comment period after the speakers, or if we should just make our comments now.

PRESIDING MEMBER GEESMAN: Probably be easiest to make them now.

MR. KLATT: Okay, thank you. My name is Gregory Klatt and I'm here today on behalf of the Alliance for Retail Energy Markets. We're the regulatory group that represents most of the ESPs that are active in the state. And they represent most of the direct access load that's served in

California.

We just had kind of a threshold issue that I wanted to raise at this point, since we are getting close to the time when the staff would like to prepare another iteration of the data requests.

In terms of kind of the basic premise of having ESPs file resource plans, that seems problematic from two respects. First of all, from a legal basis I'm not sure if the Commission's authority extends that deeply into ESPs' business activities.

There's some qualifications on what data the Commission can request from market participants in the statute. And unfortunately I just set my notes back there where I was sitting, but the basic idea is that the information that's requested is supposed to be limited to information that's under the position or control of the entities or information that they normally produce in the course of business.

And ten-year resource plans don't fit under either criteria. ESPs are just not in the practice of preparing ten-year plans. And the main reason is that, for the most part, although

there are some exceptions, at this point their contracts don't extend that far. And there's just no purpose served by them looking out that far and making plans.

So we'll address this further in our comments, but at this point I'm not sure. I just want to raise the issue that we're not entirely sure that the Commission has the authority to require such extensive data from ESPs.

The second issue is more practical. As I was just mentioning, ESPs aren't putting together these types of plans at this point, and because of the uncertainty that still exists about direct access policy and what the market's going to look like in the future, any information that we provided at this point that was more than, say, three years out is going to be of limited utility to the staff.

And maybe there's a way that -- maybe we can have some discussions offline about some way to get around that. Because, we want to avoid the garbage-in/garbage-out problem. I understand the staff has a real need here for some information, but I don't know how useful the information that's going to be provided by ESPs would really be going

out more than a few years.

PRESIDING MEMBER GEESMAN: Well, I would encourage you to have those discussions with the staff offline. And also questions as to the Commission's legal authority are probably best directed to Caryn Holmes, our staff counsel.

MR. KLATT: Great.

MR. VIDAVER: May I comment on one small part of this?

MR. KLATT: Of course.

MR. VIDAVER: That is that we've, on the demand side I assume that an ESP can create a demand forecast. However, whatever set of assumptions it wants to use in doing that can certainly come up with a forecast, even if that forecast is as simple as, we have a set of contracts; when they expire we don't expect to be in business anymore. I mean that's one possibility.

We're asking you to divide your demand estimate simply into what you are committed to providing now under current contracts, and what, if any, additional commitments you expect to make. And the "if any" is one part.

I don't believe we are asking you for

anything more on the supply side other than tell us what your existing, the resources that you currently have; the contracts that you currently have; and what they allow you to procure.

And your expectations beyond that for what additional resources you might need, given your load forecast.

So if you are not, just hypothetically, if you have current contracts which only cover 85 percent of your expected load, that's the information we would like. We're not really asking for anything beyond the residual resources you would need, given your load forecast.

We're not asking you to tell us what resources you might contract with, or we're not asking you to -- even assume that you have to meet a reserve margin. It's just simply tell us what -- if you did, given your load forecast, if you did have to meet some kind of reserve margin, given your existing portfolio of contracts, what else would you anticipate having to go after, in a very very generic sense.

So, --

MR. KLATT: That's a very helpful clarification. And, of course, you know, the

limitations of the handouts, it doesn't all come out.

And, Commissioner Geesman, I do appreciate your suggestion. We will discuss some of the details offline. And maybe it's not as bad as it looks from our perspective.

MR. VIDAVER: It isn't, trust me.

MR. KLATT: Yeah.

MR. VIDAVER: I think you can do this.

MR. KLATT: And there's another concern we have, about the bilateral contracts. I haven't had an opportunity to really discuss this thoroughly with our group, but it seems to be a bit more information than we may be comfortable providing. So maybe we can discuss that offline, too.

MR. VIDAVER: That's something you should probably discuss with the project manager.

MR. KLATT: Okay. Thank you.

PRESIDING MEMBER GEESMAN: Thank you, Mr. Klatt. Are there other questions for Dave? You wanted to hold off, Jane, for the more general comment?

Okay, why don't we move on, then. I think Mark Hesters is up next?

MR. HESTERS: Actually you've probably seen these slides before. The transmission data needs haven't changed that much, or at this point we haven't released more information on them yet.

Essentially we have been required to produce a strategic transmission plan. We aren't exactly certain what a strategic plan looks like at this point. We're pretty sure it's going to include a discussion of specific projects that are considered strategic.

(Laughter.)

MR. HESTERS: So far it looks like just every definition I've been able to develop for strategic includes those that are needed for reliability, to relieve congestion, and to meet renewable resources or other requirements. That seems to include just about every transmission project that I've ever seen identified, which is why we're asking for data on basically all transmission projects.

We're planning to build -- we're going to develop the plan from basically ISO data, LSE data and the 2005 energy report record.

Again who will need to file transmission data? It's only transmission-owning LSEs. Where

there are projects that are proposed by a non-LSE, but connecting to an LSE service area or substation, the LSE to which the project connects would be required to file data on the project.

It's not March 2004, it's actually March 2005 for the when.

I'm sorry, it's being a little slow. What are we requiring to be filed. One of the things we'll be requiring is a general description of the LSE's transmission planning process, planning and approval process.

We will be requiring a sort of generic description of what the LSE is expecting to do with transmission over the next 20 years. That's generic, in general. Over the next ten years we'll be requiring filing on specific projects.

We understand nobody's really doing 20-year planning at this point, but there is at least a general idea of where the LSE sees transmission going.

From there we will also, at least on the 20-year and for the specific 10-year projects, identify. We will ask for corridors to be identified and on the sort of larger and more generic transmission needs, where corridors might

be an issue.

We will be asking for a filing, or at least a description of what strategic projects are. Again, strategic projects seem to cover just about everything.

We will also be -- basically we're also splitting this data into tiers. Small projects, it's a simple form, will be in the forms, including the table. It looks a lot like the filings the IOUs are making at the PUC updating transmission projects. It's actually a little bit smaller and easier than that.

For medium-sized projects, these are projects that we are defining as over 100 kV and costing more than $20 million, we are asking for essentially a three-page to five-page description of the project, the studies, why it's needed, what alternatives were considered. It actually is based on a form that comes out of the utility filings to the ISO. They're the grid plans for the utilities. It's not exactly that form, but a lot of data comes off that.

We want it filed here. We understand that's something that exists somewhere else, but as we're working towards the coordination of

transmission planning, which we heard about earlier this morning, we're not there yet. We still need the data here.

The large projects is probably the hardest one where those are projects over 100 kV. And costing more than $100 million. We want a basically full analysis of those projects. It's going to be an economic analysis and includes multiple scenarios on generation and alternatives. That's pretty much that, that we will have a detailed description of what we want to see in those studies.

I have done a sort of brief look at the three IOUs filings, and there really aren't that many projects that fall under the need for -- that require this in-depth detailed analysis.

And I think that's where we are.

PRESIDING MEMBER GEESMAN: Questions for Mark?

Okay, thanks, Mark.

Jane, you wanted to make a comment to us?

MS. TURNBULL: Commissioners, I'm Jane Turnbull. I'm here on behalf of the League of Women Voters of California.

Once again I'd like to commend you both and your staff for moving ahead in this integrated energy policy area. This whole effort to develop integrated planning and procurement is something that the League is very supportive of.

The public has real concerns about reliability of the electric system into the long term; and we do feel that this process needs to be continued on a California-wide planning and procurement basis. We want all load-serving entities to be involved in the process.

We also are very thrilled by the process of negotiation amongst the agencies and the development of the Energy Action Plan. And are enthusiastic about having the ISO become a part of it.

However, we have questioned the quasi-governmental status of the ISO. And while we have no problems with how the ISO has worked over the last several years, and in fact we commend it for the excellence of the technical work that they're doing, we do retain this ongoing concern about their particular status. And we hope that that can be addressed, you know, through whatever legal channels that are available.

The other point that I would like to raise is our concern about the importance of meshing the federal and state policy considerations. We sometimes refer to FERC as the 800-pound gorilla. And that's usually not thought of in a particularly commendable manner. And we often consider FERC as a four-letter word.

On the other hand, we realize that there is a very real federal policy consideration that has to be taken into consideration when we're dealing with the transmission process in particular. And we hope that there will be a formal process put in place so that we don't have to go to the courts to resolve these issues, but that they can be resolved as the process evolves.

Thank you.

PRESIDING MEMBER GEESMAN: Thank you very much, Jane.

Other comments to us?

MS. BACHRACH: (inaudible) I'd like to make a comment from the phone, please.

PRESIDING MEMBER GEESMAN: We'll make you the person after next. We've got somebody approaching the microphone now.

MS. BACHRACH: Thank you.

MR. KLOBERDANZ: Good morning, Commissioners. I'm Joe Kloberdanz representing San Diego Gas and Electric. Thanks for the opportunity to speak. I'll be brief.

As a long-time practitioner in front of this Commission and the Public Utilities Commission, I was very encouraged this morning to hear about the efforts going on as represented by the two Executive Directors.

With respect to the transmission piece that was just described, however, we are very encouraged that the Commission is taking the comprehensive look they plan to take. That's a good thing.

I reluctantly have to tell you I may have trouble delivering some of the data the staff wants. I know I should talk offline with them about this, and we will.

Just briefly I want to make you aware of the two areas of concern. One area has to do with, for example, a transmission line that may already be in ACPCN process. And re-presenting the data and that sort of thing.

The presentation made at the PUC at the CPCN process may not include all of the things the

staff is looking for here in this assessment. And we may be in a time crunch, frankly, to develop that kind of data in the timeframe requested.

A similar timeframe concern arises with some projects that we know are on the horizon or within the horizon of the resource planning period for which we have not yet developed the data that we know we will need for a CPCN, and that the staff is requesting.

So we'll be working with staff to do our best on that, but I would be remiss if I didn't mention that we may fall a little short. We'll do our best.

PRESIDING MEMBER GEESMAN: I appreciate that. I think that their response is going to be give us what you have, and we'll do everything that we can to work with that.

MR. KLOBERDANZ: Good.

PRESIDING MEMBER GEESMAN: But you need to have that discussion with them offline.

MR. KLOBERDANZ: I will. Thank you very much.

PRESIDING MEMBER GEESMAN: Now the lady on the phone.

MS. BACHRACH: Thank you. This is Devra

Bachrach with the Natural Resources Defense Council. I appreciate the opportunity to discuss the items with you today and particularly to be able to join in by phone.

NRDC is also very encouraged by the collaboration between the energy agencies on this effort to produce an integrated statewide plan.

As you know, NRDC has been very active in the PUC's procurement proceeding over this past couple of years, as well as in the CEC's IEPR process.

And one of the concerns that we've had that I wanted to raise for you today was that it seems from the current plans that we just finished the process with at the PUC and the process that's being outlined here, that the state may be missing the forest for the trees in terms of overall energy planning.

Our concern largely arises from the use of these quote-unquote "generic resources" or proxy resources to fill the future needs, without any sort of detail or analysis of fuel types.

And correct me if I'm wrong, for what you're envisioning going forward, but certainly that's been our experience over the past year at

the PUC. And really the concern is if this is going to be the forum for the public to discuss and debate what California's energy future should look like, it seems that the plan should be able to answer some of our basic questions at the end of the day.

Such as, what will California's fuel mix be in ten years, given our state of knowledge today, and given the plans we're putting in place. Will that fuel mix be adequately diverse.

The staff paper does ask for information on total cost to customers, but I'm still unclear how we can look at costs or look at lists or uncertainty due to fuel prices without any details as to what sorts of fuel types all the various LSEs will be expecting to procure.

And the same thing goes for the environmental impact over time.

So we're really hoping that the end result of this IEPR will be a big picture plan for the state, a roadmap to our energy future against which the state can measure its progress of the various utilities and LSEs buying contracts and building new resources, whether that's on the demand side or the supply side.

And so I wanted to raise that now as early in the process as possible, and get a better understanding of how you're envisioning this public dialogue to occur about California's energy future.

We have some other smaller comments, but I will talk with staff about those and try to file written comments.

Thank you.

PRESIDING MEMBER GEESMAN: Thank you, Devra. Dave, did you have a response to the generic resource issue?

MR. VIDAVER: Hi, Devra.

MS. BACHRACH: Hi, Dave.

MR. VIDAVER: This is Dave Vidaver. The reason behind asking the utilities to file estimates of the types of resources they would need expressed in terms of the load obligations that would be satisfied using those resources, rather than picking specific resources, is that we don't believe at this point it's possible for the utilities to tell us exactly which resources they think are going to emerge victorious from various RFOs over time.

The rubber hits the road when they

receive -- well, it hits the road in two places. One is policies established by the state which establish the loading order, for example. And in other areas where the utilities have their only constraint is least-cost/best-fit, which is rapidly approaching BRPU as a four-letter -- well, it's a four-word expression.

It's only when they actually receive responses to RFOs that they and regulatory agencies can actually evaluate which of the set of offers that they've received is indeed best for the ratepayers in the State of California.

And as far as the environment is concerned, it's all the work that goes into establishing the criteria that the IOUs are asked to use in evaluating bids and RFOs. The fossil adder being a, I think, pretty good example of that.

In short, we're not asking the utilities to forecast what resources they will -- exactly which resources they're going to be going after going forward, not only because the energy cost projections are a bit tricky, but there are all sorts of sort of nonenergy cost-related issues. Necessary transmission, fuel diversity as you

pointed out, environmental impact, much of which is the responsibility of regulatory agencies to address when telling the IOUs how to evaluate the bids that they receive.

I don't think we're foreclosing any analysis of what is preferable going forward on staff's part. We do have gas price forecasts to develop on our own, and estimates of environmental impacts, all of which can be folded into policy recommendations that I believe the Commission will come up with.

There's nothing in what you perceive to be limited assessment on the utilities' part that would preclude staff here and at the PUC from doing a more complete assessment of what resources should be procured going forward.

Does that -- the question successfully?

MS. BACHRACH: Well, I appreciate the discussion. I think I still have some differences in terms of process, but I'll be happy to discuss this further with you offline.

MR. VIDAVER: Okay. Thanks, Devra.

MS. BACHRACH: Thank you.

PRESIDING MEMBER GEESMAN: Devra, this is John Geesman. I would encourage you to give

this further thought as we go through this process. Address it in your written comments, if you think that's appropriate, but please don't let the issue slip.

Because I think a lot of it is inherent in operating in a procurement paradigm, which I think is the paradigm that the state has chosen for itself, as opposed to operating in a vertically integrated monopoly paradigm, which we did once upon a time, but we have chosen not to pursue going forward.

And I think some of those differences may tumble out and be a little more obvious as we go forward. But it's important, I think, that you keep us focused on what those are.

Do we have other comments? Sir.

MR. McLAUGHLIN: Bruce McLaughlin, California Municipal Utilities Association. And I'm commenting just on the collaborative process we heard earlier.

Background: I was one boy with sisters three. And when I saw my three sisters over in the corner of the room smiling, giggling and looking at me, I generally was planning my exit.

(Laughter.)

MR. McLAUGHLIN: It got ugly sometimes. However, I've heard some encouraging statements this morning. The munis are principal actors. This is not a vacuum. We should have no fear. There are no ulterior motives. One California.

This can be a good thing. And I invite, CMUA invites communication and ideas from the collective three in how the munis can be involved in this process.

Thank you.

PRESIDING MEMBER GEESMAN: Bruce, that's a very constructive response. I want to thank you for it.

Other comments?

MR. HOWARD: Good morning, Commissioners. Randy Howard, Los Angeles Department of Water and Power. LADWP wishes to thank you for this opportunity to address issues related to the proposed electricity resource bulk transmission data requests and the preliminary set of data forms, though.

As you are aware, and as was mentioned about CMUA, we are very committed to this process. We've tried to demonstrate this last year our commitment to the openness in process and

transparency of how we do plan and how we go forward.

LADWP, though, is a vertically integrated utility. And we plan that way; we serve generation, transmission and distribution. The core mission of LADWP is to provide electricity to our 1.4 million customers.

Our wholesale marketing activities are fundamentally designed to support our native load customers. Additionally, we operate four generating stations in the Los Angeles Basin, and several outside of the Los Angeles Basin that are not part of the Cal-ISO system.

We operate our own control area and have a load reserve requirement of approximately 6800 megawatts. Currently we maintain about 7000 megawatts in a reserve margin that exceeds 25 percent.

LADWP operates its own control area, as I mentioned, with transmission facilities that do interconnect with most of the other control areas, specifically the Cal-ISO. And we interconnect using the area operating agreement, the ICAOA.

In the event of any emergency the ICAOA allows the Cal-ISO and the LADWP to coordinate

actions that are necessary to preserve or restore stable operation of the interconnected grid.

As part of our energy risk management policy we try to insure that we're meeting our load, our reserve requirements with reliable energy and transmission. This policy mandates that the number one priority of LADWP power system is our operational integrity and providing continuous available power supply to the City of Los Angeles.

The next priority, though, is to support the state and the western region. A recent example was when LADWP provided 800 megawatts to our neighbor, Southern California Edison, when they suffered an unplanned outage on their system. It's a very common circumstance for us to provide that type of energy.

In order to assist the State of California and these proceedings, LADWP does welcome the opportunity to provide data as requested by the CEC. However, the data requested is maintained by the LADWP and found in a variety of source documents that are very unique to a vertically integrated utility that's operated by a municipal utility.

For example, LADWP's 2000 integrated resource plan adopted by our city council in August of 2000. It contains information that you are requesting, including planned resource upgrades, conservation actions, distributed generation and our renewable energy resources.

This is a ten-year planning document.

Additional information covering the remaining requests that you're making, such as our transmission plan, we do have a ten-year transmission planning document that we will make available. As well, we've provided a October 2004 load forecast. We do forecasts out to 20 years.

And we provided a five-year purchased fuel budget and power purchase. And that is through 2005 - 2009.

As stated, the later two documents have already been provided to your staff, giving more information that was actually requested in the data request forms.

Some of the information, though, is not yet available because it is in development, such as our renewable resource plan. As you may know, LADWP is proceeding with a 20 percent RPS by 2017, and is evaluating proposals received in our

September 2004 request for renewable resources.

We recently announced our decision to narrow the negotiations to a short list of 15 proposals to meet our interim goal of 13 percent by 2010. In previous workshops LADWP has provided the California Energy Commission with its renewable goals. And this information is currently available on our website, ladwp.com, and is updated regularly as we continue to progress down this path of developing a RPS. And then formally integrating it into our integrated resource plan.

In short, LADWP looks forward to the opportunity to engage in a dialogue with the CEC in order to discuss and plan, in cooperation with the CEC, the future reliability of the energy resources needed to keep the lights on in California.

We will gladly share our data with the CEC and hope that there can be an equality of data exchange. Our concern is that since our data is maintained in a manner that benefits the ability of LADWP to function as a vertically integrated utility, within its own control area, the data requests by the CEC is not maintained in the

format that's being requested here by the CEC.

The one-size-fits-all approach for the data requested tables does not recognize the uniqueness of the various control areas and the methods in which we collect and analyze our own data.

It is imperative that the CEC recognize this diversity of this data collection and analysis by acknowledging that the submissions requested in the tables provided is recommended. But that the information that is necessary, not in the format, but it's that you receive it and that you do have the data, but not necessarily the format.

It is also important that the CEC recognize the benefits of joint planning and values the experience and the expertise of all the participants, and is committed to the confidentiality of the information as identified by the participants.

We thank you for your time, and I'd be glad to answer any questions.

PRESIDING MEMBER GEESMAN: Thank you, Randy. It's good to see you again. I appreciate you being here.

MR. HOWARD: Thank you.

PRESIDING MEMBER GEESMAN: I think I certainly, and I would presume Commissioner Boyd agrees, as well, with most of what you said. And certainly appreciate the participation that you've committed to in this process.

I don't have any view as to format questions. You're going to have to work those out with the staff. And, as a consequence, I'd prefer not to prejudge them.

As it relates to confidentiality, I think you know, or your counsel, I think, can advise you, we have a process for determining the confidentiality of submittals. That goes to our Executive Director for determination. And that's about as much as I can tell you on it.

The Commissioners are only involved to the extent that a decision of the Executive Director is appealed to the Commission.

MR. HOWARD: We do understand the process and are following through on that process. We are just asking for that recognition from the Commission that some of this information to have true transparency the confidentiality between the participants is going to be something that we're

all going to need.

PRESIDING MEMBER GEESMAN: A number of parties have raised very similar concerns, and I'm sure our Executive Director will sift through those and apply our statute and regulations as he's supposed to.

MR. HOWARD: Thank you.

COMMISSIONER BOYD: Thank you for your comments. I'm going to take them as being very positive in what has proven to be a very positive day. So, thanks.

MR. HOWARD: Thank.

COMMISSIONER BOYD: I think we can, as indicated, work out the details.

MR. HOWARD: And we look forward to working those out.

PRESIDING MEMBER GEESMAN: Thanks, again.

Other comments before we adjourn?

Al?

MR. ALVARADO: Just before we close, David and Mark did provide a pretty extensive menu of information points that we will be seeking. And we do have a short turnaround time. We do intend to release the detailed forms and

instructions the week right after New Years.

We are going to be working throughout this next week. You can contact me or any of us. My phone number and email address is on the workshop notice, and I can also pass you on to the technical staff that will be working on each of the different areas.

So, I just wanted to reinforce, we do have this short turnaround time, and we are open to working offline with any of you on any specific comments you have as we develop the final forms, the detailed forms, the forms and instructions.

PRESIDING MEMBER GEESMAN: Yes.

MS. SHERIFF: On that note, that the forms, I understand, will be released on January 3rd. And then the CEC will vote on them on January 19th. Will there be a time between the 3rd and the 19th to submit written comments on the forms?

PRESIDING MEMBER GEESMAN: Certainly before the Commission takes action --

MS. SHERIFF: Yes.

PRESIDING MEMBER GEESMAN: -- on the 19th you will have had that opportunity. I don't believe that we impose a deadline on that, so

that's left to your own best judgment as to how far in advance the 19th will be most effective in capturing our attention.

You'll also have the opportunity to verbally address the Commission on the 19th if you choose to do so.

MS. SHERIFF: Thank you.

PRESIDING MEMBER GEESMAN: Anything else?

Well, I think this is Commissioner Boyd's and my last workshop on the '05 cycle in '04. So, --

(Laughter.)

PRESIDING MEMBER GEESMAN: I want to thank everybody for your participation today. The pace will pick up quite a bit after the first of the year. We certainly look forward to the weeks and months ahead.

We'll be adjourned.

(Whereupon, at 11:16 a.m., the workshop was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Committee Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of January, 2005.